

JS Global Lifestyle (1691 HK)

Benefit from e-commerce and home-cooking

Maintain BUY and fine-tuned TP to HK\$ 8.07, based on 16x FY21E P/E (rolled over from 16x FY20E P/E as it should not be distorted by virus outbreak). JS Global, thanks to its product nature and channels (e-commerce, household and cooking appliances skewed), in our view, will meaningfully outperform the industry. Together with its special dividend (~9% yield) and valuation of 13x FY21E P/E, the stock is highly attractive (vs China/ Int'l peers' avg. of 21x/ 15x).

- **FY19 adjusted net profit missed by 12% due to higher admin costs, but special dividend is a surprise.** FY19 adjusted net profit grew by 126% YoY to RMB 136mn, below CMBIS/ BBG's est. by 12%/11%, due to: higher staff costs and other opex. We are not too worried as investments in personnel are generally positive for future growth. Special dividend of HK\$0.5717 per share was also announced, implying a payout ratio of 594% and 9% yield.
- **Joyoung's growth in FY20E is intact.** Joyoung sales grew by 9% YoY in FY19, thanks to the launches of "SKY" premium product series. Even with drags by COVID-19, we are still confident on sales growth in FY20E (est. 13% YoY), thanks to: 1) efficiency boosted by Business Units (BU) reforms, 2) launches of more mass market products (expanded ASP range from RMB 3,000 to 1,000) and 3) quick adoption of live-stream e-commerce. Management pointed out sales recovery in Mar 2020 was exceptionally well.
- **We remain optimistic on SharkNinja's growth in FY20E despite virus uncertainty.** SharkNinja did very well in FY19, thanks to Ninja Foodi series' impressive momentum. We are still optimistic for FY20E (est. growth of 13%), because: 1) more innovative products to be released in 3Q20E, 2) e-commerce growth will likely accelerate, as consumers shift to online and robust demand on DIY cooking was induced under the stay-at-home orders.
- **Pressure from tariff will be eased in FY20E.** We expect the drags from tariff to be less in FY20E (US\$ 76mn worth of tariff was recognized in FY19), because: 1) certain products was granted exception since Nov 2019, 2) potential refund of tariff paid in FY19, 3) retail ASP had been raised to help offset and 4) certain supply chain will be shifted to Vietnam and Thailand.
- **Finance costs shall decline.** The Company had carried out a numbers of refinancing in Jan-Mar 2020, and the level of interest cost improved from ~ LIBOR + 4.3% in FY19 to LIBOR + 1.8% in FY20E, a very meaningful cut.
- **Maintain BUY and raised TP to HK\$ 8.07.** We cut FY20E/ 21E EPS estimates by 17%/ 13%, to factor in the higher staff costs. We maintain BUY but lift TP to HK\$ 8.07, as we rolled over to 16x FY21E P/E (from 16x FY20E P/E). Valuation is fairly attractive at 13x FY21E P/E plus its 9% yield, vs China/ International peers' average of 21x/ 15x FY21E P/E.

Earnings Summary

(YE 31 Dec)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue (USD mn)	2,682	3,016	3,402	3,845	4,244
YoY growth (%)	71.5	12.5	12.8	13.0	10.4
Adj. NP att. (USD mn)	60	136	177	226	245
Adj. EPS (USD)	0.018	0.039	0.051	0.065	0.070
YoY growth (%)	12.277	121.6	30.3	27.1	8.8
Consensus EPS (USD)	n/a	n/a	0.056	0.070	n/a
Adj. P/E (x)	46.2	20.9	16.1	12.6	11.6
P/B (x)	6.0	1.8	1.5	1.4	1.2
Yield (%)	3.0	9.0	1.0	2.3	3.3
ROE (%)	7.5	2.7	4.1	8.0	9.0
Net gearing (%)*	213.6	39.1	14.8	3.0	Net cash

Source: Company data, CMBIS estimates, *net debt (cash) / equity

BUY (Maintain)

Target Price	HK\$8.07
(Previous TP)	HK\$7.65)
Up/Downside	+26.5%
Current Price	HK\$6.38

China Home Appliance Sector

Walter Woo

(852) 3761 8776

walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	21,738
Avg 3 mths t/o (HK\$ mn)	8.47
52w High/Low (HK\$)	7.67/3.93
Total Issued Shares (mn)	3,407.2

Source: Bloomberg

Shareholding Structure

Mr. Wang Xuning (Chairman) & concert party	57.87%
CDH Fund	10.61%
Mr. Mark Rosenzweig	8.06%
RSU Holding entity	4.16%
Mr. Mark Adam Barrocas	2.14%
Other SN investors	0.29%
Free Float	16.87%

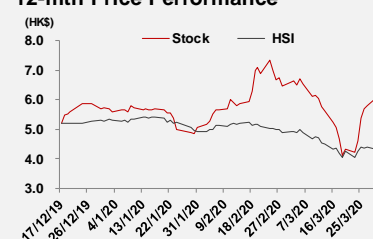
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-1.5%	11.4%
3-mth	11.5%	36.2%
6-mth	n/a	n/a
12-mth	n/a	n/a

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Ernst & Young

Related Reports

1. JS Global (1691 HK, BUY) - Cross-selling with world-class tech and style - 4 Feb 2020

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	3,016	3,402	3,845	2,996	3,411	n/a	0.7%	-0.3%	n/a
Gross profit	1,127	1,273	1,461	1,114	1,277	n/a	1.1%	-0.4%	n/a
EBIT	227	228	316	250	272	n/a	-9.1%	-16.2%	n/a
Adjusted NP att.	177	226	245	213	260	n/a	-16.8%	-13.2%	n/a
Adjusted EPS (RMB)	0.051	0.065	0.070	0.061	0.075	n/a	-16.8%	-13.2%	n/a
Gross margin	37.4%	37.4%	38.0%	37.2%	37.4%	n/a	0.2ppt	0ppt	n/a
EBIT margin	7.5%	6.7%	8.2%	8.3%	8.0%	n/a	-0.8ppt	-1.3ppt	n/a
Net profit att. margin	5.9%	6.6%	6.4%	7.1%	7.6%	n/a	-1.2ppt	-1ppt	n/a

Source: Company data, CMBIS estimates

Figure 2: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenue	3,016	3,402	3,845	3,416	3,880	n/a	-11.7%	-12.3%	n/a
Gross profit	1,127	1,273	1,461	1,276	1,459	n/a	-11.7%	-12.8%	n/a
EBIT	227	228	316	274	371	n/a	-17.2%	-38.5%	n/a
Adjusted NP att.	177	226	245	181	231	n/a	-1.8%	-2.4%	n/a
Adjusted EPS (RMB)	0.051	0.065	0.070	0.056	0.070	n/a	-9.3%	-7.2%	n/a
Gross margin	37.4%	37.4%	38.0%	37.4%	37.6%	n/a	0ppt	-0.2ppt	n/a
EBIT margin	7.5%	6.7%	8.2%	8.0%	9.5%	n/a	-0.5ppt	-2.8ppt	n/a
Net profit att. margin	5.9%	6.6%	6.4%	5.3%	6.0%	n/a	0.6ppt	0.7ppt	n/a

Source: Company data, CMBIS estimates

Assumptions

Figure 3: CMBI's assumptions

USD mn	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Sales by brand (USD mn)						
Joyoung	1,054	1,179	1,280	1,447	1,654	1,816
SharkNinja	477	1,477	1,736	1,955	2,190	2,428
Others	33	25	-	-	-	-
Total	1,563	2,682	3,016	3,402	3,845	4,244
Sales growth by brand (%)						
Joyoung	-2.5%	11.9%	8.6%	13.0%	14.3%	9.8%
SharkNinja		210.0%	17.5%	12.6%	12.0%	10.8%
Others	46.7%	-23.5%	-100.0%	n/a	n/a	n/a
Total	41.7%	71.5%	12.5%	12.8%	13.0%	10.4%
Sales by segment growth (%)						
Cleaning		233.2%	5.6%	7.8%	16.4%	12.8%
Food preparation	27.3%	35.2%	3.2%	12.4%	12.2%	8.4%
Cooking	-1.6%	25.6%	37.4%	20.7%	11.5%	10.2%
Others	23.4%	22.3%	-2.7%	3.6%	2.0%	2.6%
Sales by region growth (%)						
China	-1.4%	11.6%	6.8%	9.6%	10.4%	7.6%
North America	5880.5%	192.9%	11.2%	12.0%	12.0%	10.0%
Europe	651.9%	263.2%	67.8%	35.0%	30.0%	22.5%
Other markets	42.7%	258.6%	33.5%	17.0%	15.0%	13.0%
GP margins by segment						
Joyoung	32.2%	32.1%	33.3%	33.5%	34.4%	34.3%
SharkNinja	37.0%	42.2%	41.1%	40.9%	41.1%	41.3%
Others	32.2%	39.4%	38.7%	38.8%	39.1%	39.1%
Total	33.2%	37.3%	37.4%	37.4%	38.0%	38.1%
Opex breakdown						
D & A	-0.8%	-1.7%	-1.7%	-1.3%	-1.1%	-1.0%
Admin exp. (ex D & A)	-7.9%	-10.2%	-12.1%	-12.7%	-12.3%	-12.1%
A & P	-6.2%	-7.7%	-6.3%	-7.5%	-7.4%	-7.2%
S & D costs (ex. A & P)	-10.6%	-10.1%	-10.5%	-9.7%	-9.4%	-9.5%
Selling & distribution costs / sales	-16.9%	-17.8%	-16.8%	-17.2%	-16.8%	-16.7%
Admin expenses / sales	-8.7%	-11.8%	-13.8%	-13.9%	-13.4%	-13.1%
OP margins						
Effective tax rate	-39.6%	21.0%	29.0%	23.0%	18.0%	18.0%
NP att. margins						
NP att. margins	3.1%	1.3%	1.4%	2.3%	4.3%	5.0%
NP att. growth (%)						
NP att. growth (%)	-7.0%	-27.7%	20.9%	83.8%	112.3%	27.8%
Adjusted NP growth (%)						
Adjusted NP growth (%)	36.9%	8.9%	28.9%	18.0%	24.1%	9.2%

Source: Company data, CMBIS estimates, OP as defined on page 1

Valuation

Peers Valuation

Figure 4: Peers' valuation

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$ mn)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
A+ H shares Small Home Appliances															
JS Global	1691 HK	BUY	8.07	6.38	27%	21,738	Dec-19	16.1	12.6	1.5	1.4	2.7	0.7	9.0	
Joyoung	002242 CH	NR	n/a	28.44	n/a	23,830	Dec-19	23.1	20.0	5.1	4.7	21.8	1.7	3.1	
Zhejiang Supor	002032 CH	NR	n/a	69.44	n/a	62,264	Dec-18	29.7	25.8	8.3	7.0	31.0	2.4	1.9	
GD Xinbao	002705 CH	NR	n/a	19.35	n/a	16,935	Dec-18	22.6	19.1	3.6	3.2	16.7	1.1	2.3	
Bear Electric	002959 CH	NR	n/a	83.78	n/a	10,979	Dec-18	39.5	31.2	7.2	6.0	50.6	2.7	0.7	
Ecovacs Robotics	603486 CH	NR	n/a	19.19	n/a	11,829	Dec-18	22.6	20.2	n/a	n/a	12.6	3.2	n/a	
Kingclean Electric	603355 CH	NR	n/a	20.45	n/a	8,955	Dec-18	16.8	15.5	2.9	2.5	14.2	1.9	1.4	
								Avg.	24.3	20.6	4.8	4.1	21.4	2.0	3.1
								Med.	22.6	20.0	4.3	3.9	16.7	1.9	2.1
A + H Home Appliances															
Midea Group	000333 CH	BUY	75.33	48.58	55%	370,573	Dec-18	13.9	12.6	3.3	2.9	26.1	1.4	3.4	
Gree Electric	000651 CH	NR	n/a	51.99	n/a	341,532	Dec-18	11.2	10.4	2.9	2.6	29.0	1.8	4.9	
Haier Smart Home	600690 CH	NR	n/a	14.68	n/a	102,631	Dec-18	10.7	10.3	2.0	1.8	22.4	1.5	2.9	
Haier Electronics	1169 HK	NR	n/a	19.42	n/a	54,677	Dec-19	12.0	10.4	1.6	1.4	27.7	(1.0)	2.4	
Hisense Home	921 HK	NR	n/a	6.75	n/a	12,145	Dec-19	5.2	4.5	0.9	0.8	20.3	n/a	5.3	
Hisense Home - A	000921 CH	NR	n/a	9.17	n/a	12,146	Dec-19	7.2	6.5	1.3	1.1	20.3	n/a	4.6	
Whirlpool China	600983 CH	NR	n/a	5.66	n/a	4,737	Dec-18	n/a	n/a	n/a	n/a	(3.9)	n/a	n/a	
Hangzhou Robam	002508 CH	NR	n/a	28.08	n/a	29,100	Dec-18	16.7	15.0	3.9	3.3	25.9	2.2	3.1	
Vatti Corporation	002035 CH	NR	n/a	10.81	n/a	10,261	Dec-18	12.3	10.9	2.9	2.5	28.6	1.3	2.9	
								Avg.	11.2	10.1	2.4	2.0	21.8	1.2	3.7
								Med.	11.6	10.4	2.5	2.1	25.9	1.4	3.2
International Small Home Appliances															
Techtronic	669 HK	NR	n/a	49	n/a	90,495	Dec-19	16.7	14.1	3.0	2.6	19.1	1.0	2.4	
Smith (A.O.) Corp	AOS US	NR	n/a	36	n/a	44,753	Dec-19	16.1	14.2	3.3	n/a	21.9	3.6	2.9	
Helen Of Troy	HELE US	NR	n/a	130	n/a	25,347	Feb-19	14.3	14.7	n/a	n/a	17.6	1.2	n/a	
De'Longhi Spa	DLG IM	NR	n/a	15	n/a	19,438	Dec-19	15.7	13.4	1.8	1.7	14.3	(5.5)	3.3	
Irobot Corp	IRBT US	NR	n/a	38	n/a	8,430	Dec-19	27.9	17.0	1.6	1.5	14.4	n/a	0.0	
Seb Sa	SK FP	NR	n/a	116	n/a	49,515	Dec-19	14.6	12.7	2.3	2.0	16.9	1.7	1.8	
Koninklijke Philips	PHIA NA	NR	n/a	36	n/a	271,849	Dec-19	18.4	15.4	2.5	2.3	9.5	0.7	2.5	
								Avg.	17.7	14.5	2.4	2.0	16.2	0.5	2.1
								Med.	16.1	14.2	2.4	2.0	16.9	1.1	2.4
International Home Appliances															
Whirlpool Corp	WHR US	NR	n/a	79.39	n/a	38,580	Dec-19	5.8	4.8	1.2	1.1	43.2	(9.7)	6.3	
Ingersoll-Rand	IR US	NR	n/a	24.51	n/a	78,956	Dec-19	17.5	14.8	16.1	12.3	9.0	0.6	0.8	
Electrolux Ab	ELUXB SS	NR	n/a	118	n/a	28,660	Dec-19	18.5	8.3	1.6	1.4	11.3	0.9	5.7	
Daikin Industries	6367 JP	NR	n/a	12770.0	n/a	271,019	Mar-19	19.6	18.7	2.4	2.2	13.1	2.7	1.3	
Panasonic Corp	6752 JP	NR	n/a	806	n/a	143,191	Mar-19	9.6	9.7	0.9	0.9	15.2	(1.3)	3.7	
Fujitsu General Ltd	6755 JP	NR	n/a	1901.0	n/a	15,041	Mar-19	17.1	14.9	1.7	1.6	8.8	0.8	1.5	
Lg Electronics Inc	066570 KS	NR	n/a	48100.0	n/a	49,328	Dec-19	7.8	5.4	0.6	0.5	0.2	0.0	1.6	
Samsung	005930 KS	NR	n/a	45800.0	n/a	1,713,411	Dec-19	10.9	7.8	1.1	1.0	7.6	0.4	3.2	
								Avg.	13.3	10.5	3.2	2.6	13.5	(0.7)	3.0
								Med.	14.0	9.0	1.4	1.3	10.1	0.5	2.4

Source: Bloomberg, CMBIS estimates

Financial Summary

Income statement

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	1,563	2,682	3,016	3,402	3,845	4,244
Joyoung	1,054	1,179	1,280	1,447	1,654	1,816
SharkNinja	477	1,477	1,736	1,955	2,190	2,428
Others	33	25	-	-	-	-
Cost of goods sold	(1,044)	(1,683)	(1,890)	(2,129)	(2,384)	(2,628)
Gross profit	519	999	1,127	1,273	1,461	1,616
Other income	21	42	23	16	16	17
Operating expenses	(400)	(795)	(922)	(1,060)	(1,160)	(1,264)
A & P	(98)	(208)	(189)	(255)	(285)	(306)
S & D costs (ex. A & P)	(166)	(270)	(318)	(331)	(361)	(404)
D & A	(13)	(45)	(51)	(43)	(43)	(42)
Admin exp. (ex D & A)	(123)	(273)	(365)	(431)	(472)	(512)
Other opex	-	-	-	-	-	-
EBIT	141	246	227	228	316	369
Finance costs, net	(17)	(76)	(78)	(51)	(33)	(21)
JVs & associates	3	6	2	-	-	-
Exceptional	(26)	(35)	(32)	(7)	(8)	(8.4)
Pre-tax profit	102	140	119	170	275	339
Income tax	39	(28)	(34)	(39)	(50)	(61)
Less: Minority interests	93	77	43	54	61	68
Net profit att.	48	35	42	77	165	210
Adj. Net profit att.	54	60	136	177	226	245

Cash flow summary

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
EBIT	141	246	227	228	316	369
D & A	29	87	89	87	86	84
Change in working capital	(83)	(48)	81	(72)	(53)	(47)
Income tax paid	(9)	(16)	(34)	(39)	(50)	(61)
Others	(27)	(36)	(94)	8	8	11
Net cash from operating	52	234	269	212	308	356
Capex & investments	(21)	(67)	(76)	(78)	(81)	(89)
Associated companies	(1,309)	29	34	-	-	-
Interest received	7	7	-	-	-	-
Others	109	21	-	-	-	-
Net cash from investing	(1,213)	(10)	(42)	(78)	(81)	(89)
Equity raised	-	-	375	-	-	-
Net change in bank loans	1,176	(59)	(112)	(350)	(200)	-
Dividend paid	(39)	(83)	83	250	27	64
Others	113	(119)	(333)	(59)	(41)	(32)
Net cash from financing	1,25	(261)	13	(159)	(215)	32
Net change in cash	89	(37)	240	(25)	13	300
Beginning cash balance	127	211	181	421	396	409
Exchange difference	(5)	7	-	-	-	-
Cash at end of the year	211	181	421	396	409	708

Balance sheet

YE 31 Dec (USD mn)	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Non-current assets	1,896	1,889	1,999	1,991	1,985	1,990
Fixed asset	180	191	207	239	275	321
Intangible assets & goodwill	1,405	1,398	1,389	1,349	1,309	1,270
Prepaid lease payments	22	16	16	16	16	16
Interest in joint ventures	37	36	36	36	36	36
Other non-current assets	252	247	353	351	350	348
Current assets	1,389	1,411	1,775	1,869	2,058	2,519
Cash & cash equivalents	211	181	421	396	409	708
Inventories	272	350	393	419	469	517
Trade and other receivables	628	773	804	889	1,005	1,109
Prepayments	220	66	68	76	86	95
Other current assets	58	42	89	89	89	89
Current liabilities	661	1,281	990	938	1,011	1,126
Bank loans	10	486	26	-74	-124	-124
Trade payables	262	409	530	525	588	648
Accruals & other payables	371	364	411	464	524	578
Tax payables	7	11	14	14	14	14
others	10	11	9	9	9	9
Non-current liabilities	2,026	1,557	1,251	1,001	851	851
Bank loans	1,194	700	1,049	799	649	649
Deferred income	57	53	53	53	53	53
Deferred tax	132	134	134	134	134	134
Others	643	671	15	15	15	15
Minority Interest	-	-	-	54	115	183
Total net assets	598	463	1,533	1,868	2,066	2,350
Shareholders' equity	598	463	1,533	1,868	2,066	2,350

Source: Company data, CMBIS estimates

Key ratios

YE 31 Dec	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E
Sales mix (%)						
Joyoung	67.4	44.0	42.4	42.5	43.0	42.8
SharkNinja	30.5	55.1	57.6	57.5	57.0	57.2
Others	2.1	1.0	-	-	-	-
Total	100.	100.	100.	100.	100.	100.
P&L ratios (%)						
Gross margin	33.2	37.3	37.4	37.4	38.0	38.1
Operating margin	9.0	9.2	7.5	6.7	8.2	8.7
Pre-tax margin	6.5	5.2	3.9	5.0	7.2	8.0
Effective tax rate	-39.6	21.0	29.0	23.0	18.0	18.0
Balance sheet ratios						
Current ratio (x)	2.1	1.1	1.8	2.0	2.0	2.2
Quick ratio (x)	1.7	0.8	1.4	1.5	1.6	1.8
Cash ratio (x)	0.3	0.1	0.4	0.4	0.4	0.6
Inventory turnover days	58	67	72	72	72	72
Trade receivables days	99	95	95	95	95	95
Trade payables days	77	73	91	90	90	90
Total debt / total equity ratio (%)	203	258	71	39	26	23
Net debt / equity ratio	167	214	39	15	3	Net Cash
Returns (%)						
ROE	8.1	7.5	2.7	4.1	8.0	9.0
ROA	1.5	1.1	1.1	2.0	4.1	4.7
Per share						
Adj. EPS (USD)	0.02	0.02	0.04	0.05	0.06	0.07
DPS (USD)	0.01	0.02	0.07	0.01	0.02	0.03
BVPS (USD)	0.18	0.14	0.45	0.55	0.61	0.69

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIS Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIS

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

This report is intended for distribution in the United States to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this research report by its acceptance hereof represents and agrees that it shall not distribute or provide this research report to any other person.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

Disclosures

CMBIS or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months